

EXTRACTS FROM COMMITTEE REPORTS  
ON STATE 1954 BUDGET

HOUSE

Nothing of interest

SENATE

(With reference to testimony)

*Contra Bud.  
Gov. decision*

The 1954 estimates contained comparative transfers covering activities formerly financed from Mutual Security Agency funds as follows: Salaries and expenses, \$4,298,250; representation allowances, \$45,550; international contingencies, \$289,000. The House committee report indicated that "no provision has been made in this bill for those activities. The authorizing legislation for fiscal year 1954 for Mutual Security has not yet been approved." This committee wishes to clarify this wording so as to be assured that it is the intent that if these activities are conducted in 1954, the present method of financing them from Mutual Security funds will be continued.

State Department review completed

Statement of the Special Assistant, Intelligence

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In 1947 the Congress enacted the National Security Act, providing a framework for the creation of a strong national intelligence system. As one of the principal members of this system, the Department's intelligence area was given full responsibility for producing political intelligence essential to the national security. The other intelligence agencies of the Government were assigned major responsibilities in the intelligence community. Through this division of labor among the several intelligence agencies, the National Security Act was meant to, and indeed has, forged a chain encompassing all the essential intelligence functions needed by our Federal Government. As an integral and indispensable part of this security chain, the Department's intelligence area must be as strong as every other part. Continuous deterioration of our relations with the Soviet orbit, further aggravated by a series of crises such as those in Korea, Iran, Indochina, and Egypt, have steadily increased the burdens on the Department's intelligence program.

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At present, we are meeting many requirements on an emergency basis. We are and will be unable to fulfill some of the demands made upon us. Our particular weakness occurs in the areas of psychological intelligence and current intelligence. In addition, we are sometimes unable, due to personnel shortages, to fill intelligence requests by other agencies in the political and sociological fields.

The budget which we are now presenting for fiscal year 1954 will impose even further restrictions in intelligence coverage. In accomplishing the 12-percent reduction, we have realigned our production staffs and instituted the most strict management controls resulting in most efficient use of personnel. Nevertheless, this reduction will require cutting back on some significant intelligence programs.

Function of Organization

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Essentially our mission is to keep on top of political developments and trends that are of interest to the Department of State and, as a matter of fact, involve our foreign policy throughout the world. In addition to that we have a direct responsibility to the National

Security Council for participating with the Central Intelligence Agency in the preparation of national intelligence estimates.

The latter takes a very substantial part of our time.

#### Conflict with CIA

Chairman Bridges. Is there a conflict between the work of your organization and that of the Central Intelligence Agency?

Mr. Armstrong. There is not. Under the National Security Council directives, the field has been divided up with certain primary responsibilities assigned to the departmental intelligence agencies, and we have been assigned those of political and sociological intelligence, as the military services have each been assigned their own field of specialization.

Senator McCarran. Is there an overlapping between CIA and your work?

Mr. Armstrong. No, I think I can safely say that there is not, Senator. The Central Intelligence Agency performs a number of services for the intelligence field as a whole that are not performed by the individual departments. Those are known as services of common concern.

Senator McCarran. Would you call your agency an interdepartmental agency rather than the CIA?

Mr. Armstrong. No, sir, we are a departmental agency, and they are the interdepartmental agency.

Senator McCarran. Just explain that to us. What is the distinction?

#### Responsibility of Central Intelligence Agency

Mr. Armstrong. The Central Intelligence responsibilities under the National Security Act in some respects are very broad; they have the total responsibility for certain kinds of intelligence that we as a departmental agency do not undertake, such as the monitoring of voice broadcasts all over the world.

Senator McCarran. Who has that?

Mr. Armstrong. The CIA. We do not engage in that at all.

Senator McCarran. They monitor the voice broadcasts?

Mr. Armstrong. Yes, sir.

Senator McCarran. Voice of America, for instance?

Mr. Armstrong. No, sir; foreign broadcasts. Those are entirely foreign broadcasts.

Senator McCarran. What is the difference?

Mr. Armstrong. The Voice of America is an American Broadcast, Senator. CIA concerns itself with the broadcasts from other countries directed toward this country or toward any other country.

I believe, Senator McCarran, in respect to the CIA responsibility in that field, it concerns itself with the coverage of broadcasts from other countries, originating from other countries.

Senator McCarran. Coming in to us?

Mr. Armstrong. Yes, sir, or going from one country to a third.

Senator McCarran. Well, their operation is largely abroad anyway. They take the place of the FBI abroad as far as we are concerned?

Mr. Armstrong. Yes, sir.

#### Contact with CIA

Senator McCarran. I just wondered where the contact is between your agency and the CIA. Is there a cooperation, is there an overlapping? Could CIA not do the work that your agency is doing?

Mr. Armstrong. There is contact between us, Senator, at all levels, and particularly in the Intelligence Advisory Committee, which was established by the National Security Council as the highest level intelligence body in the United States Government. It is made up of the Directors of Intelligence of all governmental services, including State Department, and advises the Director of Central Intelligence on the coordination of intelligence activities and in the production of national intelligence estimates which are for the President and the National Security Council.

Senator McCarran. Now your center is here in the Department?

Mr. Armstrong. Yes, sir.

Senator McCarran. Do you have the same security surroundings that the CIA has?

Mr. Armstrong. Essentially so; yes, sir.

#### Department Decoding Facilities

Senator McCarran. Do you have a decoding room and decoding facilities?

Mr. Armstrong. The Department has that.

Senator McCarran. The CIA has that, too, have they not?

Mr. Armstrong. For their own communications; yes, sir.

Senator McCarran. Then there are two decoding agencies, yours and CIA?

Mr. Armstrong. You are referring to our communications?

Senator McCarran. Yes.

Mr. Armstrong. The Department's communications?

Senator McCarran. Yes.

Mr. Armstrong. That comes within the Division of Cryptography and the Division of Communications and Records, which is not within my responsibility.

Senator McCarran. Do you not have anything to do with it? Do you not have any communications?

Mr. Armstrong. Yes, sir.

Senator McCarran. You must necessarily have.

Mr. Armstrong. We do.

Senator McCarran. They come in code?

Mr. Armstrong. Through the Department.

Senator McCarran. Is it sent or received in code?

Mr. Armstrong. Yes, sir.

Senator McCarran. Who decodes it?

Mr. Armstrong. The Division of Communications and Records.

Senator McCarran. That is your Division?

Mr. Armstrong. No, sir; that is in the administrative area.

Senator McCarran. You do not have control over that?

Mr. Armstrong. Not with respect to the Department's Communications; no, sir.

#### CIA decoding facilities.

Senator McCarran. So you have to take what they give you?

Mr. Armstrong. That is correct.

Senator McCarran. How about CIA, they have a decoding system?

Mr. Armstrong. They have their own communications system throughout the world.

Senator McCarran. I know they have a communications system throughout the world; as a matter of fact I know they have their decoding system and a decoding setup here.

Mr. Armstrong. Yes, sir.

Senator McCarran. I am just trying to find out where the contact is between your agency and CIA and why one cannot do the work of all. Why cannot CIA do your work?

Mr. Armstrong. CIA, sir, has agreed that the intelligence for political purposes, that is, in connection with foreign relations, is best done in the department that has the major responsibility for that that is the State Department. So they do not themselves engage in political intelligence, but they look to us for that.

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Effect of Personnel Reduction

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Mr. Armstrong. We are going to be unable to undertake some of the activities that we wanted to undertake, that we thought we should, and with the reduction of 57 positions we are going to have to cut out some services or reduce some services that we are now performing.

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Research Organizations

Mr. Armstrong. Yes, sir, we are a research organization.

Senator McCarran. Now the point 4 people are also in that. In other words, they set up research and they set up programing. The fact of the matter is that is about all they do.

Senator Ellender. In order to operate the point 4 program part, you are going to get money aside from this point 4 are you not?

Mr. Armstrong. Under this present budget we do not get any additional money from them. We will have five positions.

Senator Ellender. So that in addition to what you are now asking, you are going to get money for five more positions?

Mr. Armstrong. It is included in this

Senator Ellender. What is the situation for the current year?

Mr. Wilber. We receive the money to support those five positions from the TCA funds.

Senator Ellender. Can you go into a little more detail as to what information you obtain that could not be obtained by your attaches out there? We have a world of attaches throughout the world, you have some connected with the Political Division of the Department, some connected with the Economic. Why could not that same information be collected by them? Why do you have to, as it were, stick your nose in it?

Mr. Armstrong. Senator, it would be gathered by those people whom you have mentioned in the form of basic data in the countries at the point of collection.

Senator Ellender. You simply evaluate it?

Mr. Armstrong. We would analyze it, place it against a wide background of information concerning that country and the particular problem.

Senator Ellender. And that is submitted to whom after you get through with it?

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Mr. Armstrong. To the Technical Cooperation Administration.  
Senator Ellender. Is that used as a basis to determine whether or not and how much we are going to spend in that particular country?

Mr. Armstrong. I would not be competent to say what they would do with the report after they receive it, Senator, but it would be done by us at their request.

Senator Ellender. Now for these five people who worked with you this year to do this special work under this, you are providing funds out of your regular appropriation?

Mr. Wilber. Yes, sir, that is correct. There is an adjustment in the base of our regular salary and expense appropriation to provide for them in our 1954 estimates.

Senator Ellender. Why the change of heart?

Mr. Wilber. It was felt that this was a continuing activity and normal activities for the Department of State, and therefore it ought to be in the regular funds for the Department?

Senator Ellender. Had you ever done it before?

#### Foreign-aid Funds

Mr. Wilber. We have done it before, but they had been financed from the foreign-aid funds.

Senator Ellender. Did you start it before the foreign-aid funds were made available?

Mr. Wilber. No sir.

Senator Ellender. It was just something that grew since we started this foreign-aid program?

Mr. Wilber. That is correct.

Senator Ellender. You propose to keep it up in the future whether we have funds in the future or not?

Mr. Wilber. No sir.

Senator Ellender. Why do you have it now then?

Mr. Wilber. It was a determination by the Bureau of the Budget that all of those activities that we were having to undertake by reason of foreign-aid activity should be justified in our regular estimates.

Senator Ellender. Then I go back to my former question, that if we do not have foreign aid in the future, you will dispense with this?

Mr. Wilber. Yes sir.

#### Functions of Office

Senator Ellender. Generally what do those 66 people do under your direction?

Mr. Armstrong. A small number of them are in my immediate office, my deputy, secretary, two staff officers. Another group of approximately

40 engage in a highly classified activity that I will take up with the committee, if I may, in executive session, and the remainder, some 12 are in my central administrative organization of which Mr. Killea is the director, handling administration for the whole area.

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#### Library Reference Section

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Mr. Armstrong. Partly. Well, one of the division, of course, is the library itself; that is, the library and reference section of the Department, the historical book library of the Department, which has been accumulated since the Department was founded, and a large documentary reference section.

Then another division concerns itself with handling biographic information on individuals of prominence, or who are likely to become prominent, in foreign countries, and the third division conducts the dissemination of incoming raw information and outgoing finished intelligence and carries on liaison with the military intelligence services and the CIA.

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#### Possibility of Performance of Duties by CIA

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Senator McCarran. Will you tell the committee, if you please, what function of your department cannot be performed by CIA?

Mr. Armstrong. Senator, the entire function, I think, could be performed elsewhere, but would not be as well performed in direct ratio-----

Senator McCarran. I know; that is your own estimation. I like to hear that, but I would like to know for the benefit of the taxpayers of this country what function you perform that could not be performed by CIA.

Mr. Armstrong. This function could not be performed by CIA at this time inasmuch as they do not have the personnel to do it.

Senator McCarran. Which function?

Mr. Armstrong. The political intelligence function. They would have to take on an organization comparable to ours to perform the function.



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### Psychological Warfare

Senator Dirksen. What about this item of psychological warfare? You were going to have 28 new positions and probably you had an equivalent number in that field before, maybe more?

Mr. Armstrong. No, we did not, Senator. We had a smaller number, about 8 or 9 in the present year's program. That was a request to increase the personnel directly assigned to that sort of work in the interests of the various agencies that are developing psychological warfare plans.

Senator McCarran. Can we, Mr. Chairman, by aid of the staff get information some time, not necessarily now, as to how many divisions in various departments of Government are engaged in a study of psychological warfare?

Chairman Bridges. Yes, I think that would be very interesting.

Senator McCarran. I would like to have some information on that, how many departments are engaged in that activity, not necessarily the State Department, but in other departments as well. It would be quite interesting to see, I think.

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### Positions Financed from Support Programs

Senator Ellender. Are there any others who would be employed and under Mr. Armstrong's direction other than those mentioned in this request?

Mr. Wilber. Yes; there is a sizable number from other sources, mutual security, Government occupied area, and so on.

Senator Ellender. Can you give us that?

Mr. Wilber. Yes sir, if the total number in the intelligence area, there are 37 positions financed from sources other than this appropriation in intelligence activity.

Senator Ellender. And they will be under Mr. Armstrong?

Mr. Wilber. They will be under Mr. Armstrong; yes, sir.

Senator Ellender. What information will these gather that could not be furnished by those who are now employed under Mr. Armstrong?

Mr. Wilber. I think Mr. Armstrong can answer that better than I, but it is purely a question of workload.

Senator Ellender. In other words, if you have to have more people to disseminate what you gather from other departments, I am just wondering what is your function.

Mr. Armstrong. It is a matter of workload, Senator.

Senator Ellender. What?

Mr. Armstrong. A matter of workload. Our present staff is completely absorbed, its time is completely taken up, without any left to handle these additional duties. These personnel would add to our capacity to the extent that we would handle it.

Senator Ellender. The material you furnish them is along the same line as you furnish other departments, is it not?

Mr. Armstrong. Yes; it is, but they would want additional to that. They would want perhaps more detailed breakdowns, more studies of a slightly different kind or a wholly different kind than we would prepare for the department otherwise.

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Excerpts from the Testimony of Mr. Park Armstrong  
Before the House Sub-committee on States 1954  
Appropriation

In 1947 the Congress enacted the National Security Act, providing a framework for the creation of a strong national intelligence system. As one of the principal members of this system, the Department's intelligence area was given full responsibility for producing political intelligence essential to the national security. The other intelligence agencies of the Government were assigned major responsibilities in the intelligence community. Through this division of labor among the several intelligence agencies, the National Security Act was meant to, and indeed has, forged a chain encompassing all the essential intelligence functions needed by our Federal Government. As an integral and indispensable part of this security chain, the Department's intelligence area must be as strong as every other part. Continuous deterioration of our relations with the Soviet orbit, further aggravated by a series of crises such as those in Korea, Iran, Indochina and Egypt, have steadily increased the burdens of the Department's intelligence program.

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In line with the policy of the administration, we have very carefully reexamined all of our activities and plan to eliminate or to scale down certain of them. This will mean reduced or slower service at some points, but we believe that it will not impair our ability to meet our primary responsibility in the field of political intelligence for the Department of State and for the national intelligence structure, under the National Security Council.

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Primarily, the responsibility and the function of the intelligence area of the Department of State is to provide political intelligence for the Secretary of State and the officers of the Department, and also for the other departments and agencies of the Government who have a need for it.

Secondly, we have a direct responsibility to the National Security Council, through participation with the other intelligence agencies in the so-called national intelligence structure wherein we all join together to produce national intelligence. The Department of State's intelligence unit is the one that is responsible for the political aspects of it. Our organization is almost entirely in Washington. It is basically a research intelligence organization and not an operating type of intelligence function.

We depend for our raw information very heavily upon the Foreign Service establishment of the United States. That is the collection arm of the Department of State. We do receive, of course, additional information from the other intelligence agencies; the military services, the CIA, the FBI, and any other sources that we can exploit.

Our organization consists of two main elements. One is the research group of units that are organized on a geographic basis and that follow very closely developments in the areas of the world for which they are responsible. The other main unit is the collection one which is the point at which material is gathered up in Washington and passed on to our research people and to the other intelligence agencies of the Government and to the operating officers of the Department.

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That we are retaining our most important activities at as near the strength we have had as possible, and are cutting into those which are of a lower priority in terms of the Department's needs.